

Message Text

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16

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 PA-01 PRS-01 USIA-06

L-02 SS-15 NSC-05 NEA-09 H-01 /063 W

----- 104931

R 281023Z FEB 75

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 2078

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE SINGAPORE 0828

E.O. 11652: N/A

TAGS: EAIR, SN, ID

SUBJ: CIVAIR: CHARTER FLIGHTS TO BALI DISCONTINUED

REF: A. JAKARTA 13002 (NOTAL); B. SINGAPORE 0757 (NOTAL)

1. LOCAL PRESS REPORTED ON FEB 27 THAT GOS REFUSED TO EXTEND FLIGHT PERMIT OF MANDALA AIRLINE, WHICH HAS BEEN OPERATING TWICE-WEEKLY CHARTER FLIGHTS BETWEEN SINGAPORE AND BALI SINCE JULY 1974. MANDALA IS PRIVATELY-OWNED INDONESIAN AIRLINE WITH TIES TO KOSTRAD (ARMY STRATEGIC COMMAND) AND WAS OPERATING ON ROUTE WITH AIRCRAFT LEASED FROM PELITA, AIRLINE OF PERTAMINA. PRESS REPORT INDICATES GOS DECISION

NOT TO RENEW MANDALA PERMIT FOLLOWED GOI REFUSAL TO PERMIT SINGAPORE AIRLINES (SIA) TO OPERATE CHARTERS USING JUMBO JETS ON SAME ROUTE.

2. EMBOFF DISCUSSED DISCONTINUANCE OF MANDALA FLIGHTS WITH SIA INTERNATIONAL RELATIONS MANAGER STANLEY KUPPUSAMY WHO DETAILED WHAT SIA CONSIDERS LONG AND FRUSTRATING NEGOTIATING EXPERIENCE WITH GOI ON SINGAPORE-BALI ROUTE. ACCORDING TO KUPPUSAMY, GOS AIR SERVICES AGREEMENT WITH GOI WHICH ENABLED MANDALA TO OPERATE CHARTER FLIGHTS WAS MADE ON UNDERSTANDING THAT RECIPROCAL ARRANGEMENTS FOR SIA FLIGHTS WOULD BE GRANTED DURING THE SIX-MONTH PERIOD OF INITIAL
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MANDALA PERMIT. GOI, HOWEVER, DELAYED DECISION AND FINALLY DISPPROVED

IN LATE FALL 1974 SIA REQUEST FOR PERMIT TO OPERATE TWICE-WEEKLY
CHARTER TO BALI.

3. ACCORDING TO KUPPUSAMY, GOS AND SIA WERE NOT OVERLY CONCERNED
AT GOI DISAPPROVAL SINCE SIA WAS ALSO NEGOTIATING AN ARRANGEMENT
DIRECTLY WITH MANDALA TO UTILIZE SIA AIRCRAFT ON ALL SINGAPORE-BALI
FLIGHTS. FYI: IN CONTRAST TO EMBASSY JAKARTA INFORMATION IN PARA 4
REF A, SIA SAYS MANDALA FLIGHTS HAVE NEVER BEEN OPERATED BY SIA
PLANES. ALL FLIGHTS HAVE UTILIZED BAC 111 OR F28 AIRCRAFT LEASED
FROM PELITA. END FYI. SIA IS CONCERNED THAT THE ROUTE WOULD NOT
SUPPORT FOUR CHARTERS PER WEEK PROFITABLY, AND SIA SOMEWHAT RELUCTANT
TO MOUNT ITS OWN FLIGHTS IN COMPETITION WITH MANDALA WHICH, KUPPUSAMY
NOTES, WOULD UNDOUBTEDLY DRIVE THE INDONESIAN LINE OUT OF BUSINESS
(SIC).

4. WHILE MANDALA REPORTEDLY AGREEABLE TO SIA'S ACTUALLY PERFORMING
ITS CHARTER FLIGHTS, GOI TURNED DOWN PROPOSAL. THIS ACTION,
COUPLED WITH EARLIER GOI DISAPPROVAL OF SIA'S BALI ROUTE APPLICATION,
HAS CAUSED GOS NOT TO RENEW MANDALA PERMIT. KUPPUSAMY ALSO NOTES
THAT SIA DID NOT PLAN TO USE JUMBO JETS ON THIS ROUTE, IN CONTRAST
TO PRESS REPORT, AND THIS WAS NOT A FACTOR IN GOI DECISION.

5. COMMENT: THE MANDALA CASE IS NOT PARALLEL TO PANAM SITUATION
BUT MAY PROVIDE FOOD FOR THOUGHT AS WE PREPARE FOR BILATERALS AND
THE DECISION "TO ROUTE SCHEDULE OR NOT TO ROUTE SCHEDULE." IF USG
IS NOT PREPARED TO GIVE SIA ROUTE TO U.S. IT SHOULD RECOGNIZE THE
HIGH PROBABILITY THAT PANAM WILL NOT BE PERMITTED TO OPERATE TO
SINGAPORE INDEFINITELY. WE FEEL, HOWEVER, THAT IT IS MORE LIKELY
GOS WOULD DECIDE NOT TO RENEW PANAM'S PROVISIONAL LICENSE RATHER
THAN TO TERMINATE IT WITH 30-DAYS' NOTICE, WHICH IT COULD DO UNDER
THE CONDITIONS OF THE LICENSE. CRONK

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